



ATLANTIC GOLD NL
ABN 82 062 091 909
and its controlled entities

FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2011

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcement made by Atlantic Gold NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for the six months ended 30 June 2011 and the auditor's review report thereon.

DIRECTORS

The names of directors who held office during or since the end of the six months ended 30 June 2011 are Mr Ronald J Hawkes, Mr Walter R Bucknell and Mr Robert H N Symons. Messrs Hawkes and Bucknell were appointed on 18 January 1999 and Mr Symons was appointed on 31 December 2005.

REVIEW OF OPERATIONS

NOVA SCOTIA GOLD PROJECTS

The production plan for Atlantic Gold's Touquoy and Cochrane Hill Gold Projects in Nova Scotia, Canada is based on a potential 900,000 ounces production over a 10 year mine life and anticipates a net pre-tax cash inflow of approximately A\$315 million at a gold price of US\$1100/ounce. The production plan involves relocation of the planned Touquoy 2 Mtpa gravity/CIL treatment plant to Cochrane Hill following completion of the Touquoy operation.

Atlantic Gold's Ore Reserve inventory at Touquoy amounts to 454,000 ounces of gold, which is included in aggregate Mineral Resources of more than 1.2 million ounces of gold from Touquoy, Touquoy West and Cochrane Hill.

TOUQUOY GOLD PROJECT

The Touquoy Gold Project is located in central Nova Scotia approximately 100 km by sealed road from Halifax with access to power, water and transport infrastructure and to a skilled local workforce.

A Definitive Feasibility Study for the open-pit Touquoy Project was completed in July 2010. Based on Proved and Probable Reserves of 9.59 million tonnes at 1.48 g/t for 454,000 contained ounces of gold the Study highlights an ungeared pre-tax project NPV (8%) of A\$78 million using a gold price of US\$1100/ounce, initial capital investment of A\$123 million and average annual production of 84,000 ounces of gold at a cash cost of US\$505 per ounce. (The Definitive Feasibility Study excludes potential production from in-pit Inferred Resources of approximately 26,000 ounces of gold and Indicated and Inferred Resources of 99,000 ounces from the nearby Touquoy West gold deposits.)

Environmental Assessment Approval for the Project was granted in February 2008 and the requisite Mineral Lease was granted by the Nova Scotia Department of Natural Resources in August 2011.

Acquisition of surface land titles in the Touquoy area remains the immediate priority to enable project financing and development. Purchase of the property of the last remaining resident has closed and all marketable titles have now been either purchased (39) or are in the final stages of acquisition. With respect to the remaining 12 unmarketable titles, the Province is carefully considering the Company's submission for assistance in clearing title.

The final permit required prior to mine development is Industrial Approval, application for which is being finalised for submission once legal access to all required surface titles has been obtained.

DIRECTORS' REPORT continued

Project financing options continue to be assessed, with indicative responses from a range of major banks confirming the Company's view that conventional debt is available to form the major component of the project funding requirements. Material advancement of these discussions awaits completion of the surface title acquisition program.

COCHRANE HILL GOLD PROJECT

The Cochrane Hill Gold Project is located 80 km east of the Touquoy Gold Project.

Atlantic Gold has executed and exchanged an unconditional sale agreement to purchase 100% interest in the Cochrane Hill property from Scorpio Gold (Canada) Corporation (Scorpio) for C\$1.6 million on a deferred payment basis. The first payment instalment of \$200,000 has been made with \$400,000 payable in September 2011 and \$1.0 million in May 2012. The purchase price to be paid for Cochrane Hill equates to less than \$3.00 per ounce of gold for the 549,000 resource ounces identified to date. The opportunity to purchase 100% interest in the Cochrane Hill Gold Project is a very positive step forward in Atlantic Gold's plan for a minimum one million ounces gold production from its Nova Scotia projects. Further, this enables the Company to plan future expenditure on a purely technical basis and assures the management advantages of 100% ownership.

The second stage of Atlantic Gold's production plan for its Nova Scotia gold projects provides for potential recovery of 480,000 ounces from Cochrane Hill following completion of the Touquoy operation.

The current resource estimate for the Cochrane Hill Gold Project is 10.1 million tonnes at 1.7 g/t for 549,000 contained ounces of gold (Indicated Resources of 4.5 million tonnes at 1.8 g/t for 251,000 ounces and Inferred Resources of 5.6 million tonnes at 1.6 g/t for 298,000 ounces).

REGIONAL EXPLORATION, NOVA SCOTIA

Atlantic Gold believes the gold-rich Meguma Terrain of Nova Scotia to be highly prospective for major shale-hosted, open-pittable gold reserves as represented by Touquoy and Cochrane Hill.

An extensive regional exploration initiative commenced in May 2011 targeting Touquoy-style shale-hosted mineralisation within the Meguma Terrain, hidden beneath the extensive but thin (5–10 m) veneer of glacial overburden. Atlantic Gold currently holds mineral rights or options over approximately 1,400 square kilometres of exploration lands in Nova Scotia covering 20 target areas. Gold anomalies will be the focus of further detailed drilling.

CORPORATE

During the 6 months to 30 June 2011 Atlantic Gold completed the raising of \$1.74 million through a Share Purchase Plan.

The funds raised will be used to complete the 2011 regional reconnaissance exploration drilling program and also to provide the second payment instalment (\$400,000) for purchase of the Cochrane Hill property, as well as provide ongoing working capital.

Discussions continue with potential financiers for project funding.

DIRECTORS' REPORT continued

EVENTS SUBSEQUENT TO BALANCE DATE

- Mineral Lease 11-1 was granted on 1 August 2011 to cover the planned Touquoy minesite and associated infrastructure. It is approximately 793 ha in area.
- A further three surface titles at Touquoy were purchased in August 2011 from the Moose River Mines Museum Society. The terms of the purchase and sale agreement will ensure, facilitate and enhance the Society's continued operation of the existing mining museum near the planned minesite.
- A placement of 32,492,534 shares at \$0.05 per share was made to substantial shareholder Au Mining Ltd on 28 July 2011 to raise \$1.62 million to further progress the Touquoy Gold Project and the Company's other gold development and exploration activities.
- A final allotment pursuant to the Share Purchase Plan was made on 6 July 2011 of 375,000 shares at \$0.04 cents per share amounting to \$15,000.

No other event has occurred subsequent to the balance date which has affected or which may materially affect these financial statements.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

under section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half year ended 30 June 2011.

Signed at Sydney this 2nd day of September 2011 in accordance with a resolution of the directors.



W R Bucknell
Director

Attribution: The geological information in this report relating to Mineral Resources has been compiled by W R Bucknell who is a director of Atlantic Gold and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Bucknell has consented to the inclusion of this information in the form and context in which it appears. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person in respect of the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Atlantic Gold NL

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Shane O'Connor', with a long horizontal flourish extending to the right.

Shane O'Connor
Partner

Sydney

2 September 2011

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	NOTE	30 JUNE 2011	30 JUNE 2010
		\$	\$
Continuing operations:			
Profit from sale of exploration assets		4,884	–
Impairment of exploration assets		(197,280)	(25,857)
General and administrative expenses	2	(401,297)	(388,340)
Results from operating activities		<u>(593,693)</u>	<u>(414,197)</u>
Financial income		47,359	79,449
Financial expenses		(14)	(53)
Net finance costs		<u>47,345</u>	<u>79,396</u>
Loss before income tax		<u>(546,348)</u>	<u>(334,801)</u>
Income tax expense		–	–
Loss from continuing operations		<u>(546,348)</u>	<u>(334,801)</u>
Other comprehensive income/(loss)			
Foreign currency translation differences for foreign operations		(240,537)	411,015
Net change in fair value of available for sale assets		(60,403)	(69,300)
Amortisation of option reserve		–	5,529
Other comprehensive income/(loss) for the period net of income tax		<u>(300,940)</u>	<u>347,244</u>
Total comprehensive income/(loss) for the period		<u>(847,288)</u>	<u>12,443</u>
Basic and diluted earnings/(loss) per share (cents per share)	3	(0.1)	(0.1)

The condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	NOTE	30 JUNE 2011	31 DECEMBER 2010
		\$	\$
Current assets			
Cash and cash equivalents		2,896,546	4,145,389
Trade and other receivables		181,160	127,283
Other current assets		59,173	59,775
Total current assets		3,136,879	4,332,447
Non-current assets			
Receivables		28,983	29,513
Other financial assets	4	74,656	147,059
Property, plant and equipment	5	2,823,188	1,603,682
Exploration and evaluation assets – intangibles	6	17,361,092	14,788,890
Total non-current assets		20,287,919	16,569,144
TOTAL ASSETS		23,424,798	20,901,591
Current liabilities			
Trade and other payables		1,829,847	230,889
Employee benefits		182,500	164,800
Total current liabilities		2,012,347	395,689
Non-current liabilities			
Employee benefits		6,700	–
Total non-current liabilities		6,700	–
TOTAL LIABILITIES		2,019,047	395,689
NET ASSETS		21,405,751	20,505,902
Equity			
Share capital	7	45,160,051	43,412,914
Reserves		(1,130,357)	(829,417)
Accumulated losses		(22,623,943)	(22,077,595)
TOTAL EQUITY		21,405,751	20,505,902

The condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

2011	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	OPTIONS RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance 1 January 2011	43,412,914	(1,272,976)	15,990	427,569	(22,077,595)	20,505,902
Total comprehensive income for the period						
Profit/(loss) for the period	-	-	-	-	(546,348)	(546,348)
Other comprehensive income						
Foreign currency translation differences	-	(240,537)	-	-	-	(240,537)
Change in fair value of available for sale assets	-	-	(60,403)	-	-	(60,403)
Total other comprehensive income	-	(240,537)	(60,403)	-	(546,348)	(847,288)
Total comprehensive income for the period	-	(240,537)	(60,403)	-	(546,348)	(847,288)
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Share options exercised	4,247	-	-	-	-	4,247
Share Purchase Plan receipts	1,757,004	-	-	-	-	1,757,004
Costs of issues	(14,114)	-	-	-	-	(14,114)
Total transactions with owners	1,747,137	-	-	-	-	1,747,137
Balance 30 June 2011	45,160,051	(1,513,513)	(44,413)	427,569	(22,623,943)	21,405,751

The condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
continued**

2010	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	OPTIONS RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance 1 January 2010	39,995,803	(367,444)	97,500	417,072	(21,374,438)	18,768,493
Total comprehensive income for the period						
Profit/(loss) for the period	-	-	-	-	(334,801)	(334,801)
Other comprehensive income						
Foreign currency translation differences	-	411,015	-	-	-	411,015
Change in fair value of available for sale assets	-	-	(69,300)	-	-	(69,300)
Options issued	-	-	-	5,529	-	5,529
Total other comprehensive income	-	411,015	(69,300)	5,529	-	347,244
Total comprehensive income for the period	-	411,015	(69,300)	5,529	(334,801)	12,443
Transactions with owners recorded directly in equity Contributions by and distributions to owners						
Costs of issues	(16,363)	-	-	-	-	(16,363)
Total transactions with owners	(16,363)	-	-	-	-	(16,363)
Balance 30 June 2010	39,979,440	43,571	28,200	422,601	(21,709,239)	18,764,573

The condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	30 JUNE 2011	30 JUNE 2010
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(347,545)	(469,880)
Interest received	47,359	79,449
Interest paid	(14)	(53)
Net cash used in operating activities	<u>(300,200)</u>	<u>(390,484)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,256,936)	(706,154)
Payments for exploration and evaluation expenditure	(1,431,977)	(1,835,512)
Sale of investment	12,000	8,768
Net cash used in investing activities	<u>(2,676,913)</u>	<u>(2,532,898)</u>
Cash flows from financing activities		
Share Purchase Plan receipts	1,757,004	–
Proceeds from exercise of options	4,247	–
Paid share issue costs	(14,114)	(16,363)
Net cash from financing activities	<u>1,747,137</u>	<u>(16,363)</u>
Net increase/(decrease) in cash and cash equivalents	(1,229,976)	(2,939,745)
Cash and cash equivalents at beginning of period	4,145,389	5,179,769
Effect of exchange rate fluctuations on cash held	(18,867)	20,643
Cash and cash equivalents at end of period	<u>2,896,546</u>	<u>2,260,667</u>

The condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Atlantic Gold NL ("Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interests in associates and jointly controlled entities.

The consolidated annual financial report of the Consolidated Entity as at and for the year ended 31 December 2010 is available upon request from the Company's registered office at Suite 701 220 Pacific Highway Crows Nest NSW 2065 or from the Company's web site www.atlanticgold.com.au.

The financial report is presented in Australian dollars which is the Consolidated Entity's choice of functional and presentation currency.

a. Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 31 December 2010.

The condensed consolidated interim financial report was approved by the Board of Directors on 2 September 2011.

b. Basis of preparation

The accounting policies applied by the Consolidated Entity in this condensed consolidated financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 31 December 2010.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

c. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: LOSS FROM ORDINARY ACTIVITIES

	30 JUNE 2011	30 JUNE 2010
	\$	\$
Items included in profit/(loss) before income tax expense		
General and administrative expenses		
Administrative costs	129,121	133,407
Corporate costs	70,222	113,254
Net loss on sale of investment	–	3,109
Amounts set aside to provision for employee benefits	24,400	23,800
Depreciation and amortisation expense	9,185	2,219
Employee and Director benefits expense	41,866	23,961
Superannuation	55,452	40,620
Occupancy expense	17,939	17,939
Other expenses from ordinary activities	53,112	30,031
	<u>401,297</u>	<u>388,340</u>

NOTE 3: EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings/(loss) per share (cents per share)	(0.1)	(0.1)
	NUMBER OF SHARES	NUMBER OF SHARES
Weighted average number of ordinary shares outstanding during the period used in calculation of basic and diluted earnings / (loss) per share	<u>486,334,216</u>	<u>425,118,911</u>

NOTE 4: OTHER FINANCIAL ASSETS

	30 JUNE 2011	31 DECEMBER 2010
	\$	\$
Investment in listed entities at fair value	<u>74,656</u>	<u>147,059</u>

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011 Atlantic Gold acquired 6 parcels of real property in the area of the Touquoy Gold Project, Nova Scotia valued at A\$1,236,595 (C\$1,280,000). Deposits paid to the former owners totalling A\$1,932 (C\$2,000) were deducted from the purchase prices.

NOTE 6: EXPLORATION AND EVALUATION ASSETS

The Directors believe that the Consolidated Entity will be able to fund the development of the exploration and development assets through either future equity raisings, project financing, or joint venture agreements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: SHARE CAPITAL

Fully paid ordinary shares		
Balance at 31 December 2010	Number 453,599,846	\$ 40,681,087
Exercise of options	53,091	4,247
Proceeds of Share Purchase Plan	43,550,107	1,757,004
Costs of share issues	–	(14,114)
Balance at 30 June 2011	<u>497,203,044</u>	<u>42,428,224</u>
Partly paid ordinary shares		
Balance at 31 December 2010	<u>30,286,342</u>	<u>2,731,827</u>
Balance at 30 June 2011	<u>30,286,342</u>	<u>2,731,827</u>
Total at 30 June 2011		<u>45,160,051</u>

NOTE 8: OPTIONS

EXPIRY DATE	EXERCISE PRICE \$	OUTSTANDING AT 31-DEC-10	ISSUED DURING PERIOD	EXERCISED DURING PERIOD	LAPSED DURING PERIOD	OUTSTANDING AT 30-JUN-11
Listed						
31-Jan-11	0.08	24,143,136	–	(53,091)	(24,090,045)	–
Unlisted						
28-Aug-12	0.155	2,000,000	–	–	–	2,000,000
14-Oct-12	0.15	400,000	–	–	–	400,000
		<u>26,543,136</u>	<u>–</u>	<u>(53,091)</u>	<u>(24,090,045)</u>	<u>2,400,000</u>

NOTE 9: SEGMENT INFORMATION

The Consolidated Entity has determined that it has only one operating segment, being exploration and development of the Consolidated Entity's properties in Nova Scotia, Canada.

The following segment information is presented as part of the consolidated interim financial statements:

	PRECIOUS MINERAL EXPLORATION		UNALLOCATED		TOTAL	
	30 JUN 2011	30 JUN 2010	30 JUN 2011	30 JUN 2010	30 JUN 2011	30 JUN 2010
	\$	\$	\$	\$	\$	\$
Segment Result						
Profit/(loss) before tax	(192,396)	(25,857)	(353,952)	(308,944)	(546,348)	(334,801)
Income Tax	–	–	–	–	–	–
Net profit/(loss)	<u>(192,396)</u>	<u>(25,857)</u>	<u>(353,952)</u>	<u>(308,944)</u>	<u>(546,348)</u>	<u>(334,801)</u>
Segment assets	<u>20,971,687</u>	<u>16,901,549</u>	<u>2,453,111</u>	<u>2,211,317</u>	<u>23,424,798</u>	<u>19,112,866</u>

NOTE 10: RELATED PARTIES

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 2010 Financial Report.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: SUBSEQUENT EVENTS

- Mineral Lease 11-1 was granted on 1 August 2011 to cover the planned Touquoy minesite and associated infrastructure. It is approximately 793 ha in area.
- A further three surface titles at Touquoy were purchased in August 2011 from the Moose River Mines Museum Society. The terms of the purchase and sale agreement will ensure, facilitate and enhance the Society's continued operation of the existing mining museum near the planned minesite.
- A placement of 32,492,534 shares at \$0.05 per share was made to substantial shareholder Au Mining Ltd on 28 July 2011 to raise \$1.62 million to further progress the Touquoy Gold Project and the Company's other gold development and exploration activities.
- A final allotment pursuant to the Share Purchase Plan was made on 6 July 2011 of 375,000 shares at \$0.04 cents per share amounting to \$15,000.

No other event has occurred subsequent to the balance date which has affected or which may materially affect these financial statements.

DIRECTORS' DECLARATION

In the opinion of the directors of Atlantic Gold NL ('the Company'):

- i. the financial statements and notes set out on pages 7 to 15 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2011 and of its performance for the six months ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- ii. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

This financial report of the Company for the six months ended 30 June 2011 was authorised for issuance as of the date of this declaration.



W R Bucknell
Director

2 September 2011



Independent auditor's review report to the members of Atlantic Gold NL

Report on the financial report

We have reviewed the accompanying interim financial report of Atlantic Gold NL ("the Company"), which comprises the condensed consolidated statement of financial position as at 30 June 2011, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Atlantic Gold NL Consolidated Entity ("the Consolidated Entity") comprising the Atlantic Gold NL ("the Company") and the entities it controlled at the interim period's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2011 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Atlantic Gold NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Atlantic Gold NL is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Shane O'Connor
Partner

Sydney

2 September 2011